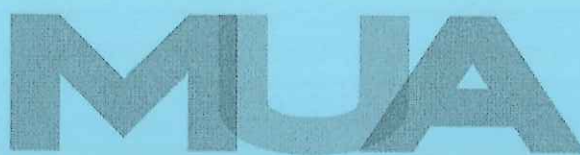


The
Management
University
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE

ACC 414 : INTERNATIONAL ACCOUNTING

DATE: 11TH APRIL 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

- a) State five reasons why firms become involved in International Trade.
(5 marks)
- b) How do price changes and inflation affect the financial position and performance of a corporation? What operational problems does inflation create for management?
(10 Marks)
- c) Define "foreign currency transaction." Give 5 examples of foreign currency transactions.
(5 Marks)
- d) Discuss five national differences in transfer pricing policies and practices
(5 Marks)

QUESTION TWO

- a) Explain the challenges of harmonizing accounting standards. (9marks)
- b) Briefly explain the benefits of using international accounting standards in Kenya.
(6 marks)

QUESTION THREE

Discuss any three financial methods and two non-financial methods of performance evaluation followed by multinational corporations. (15 marks)

QUESTION FOUR

The Trial Balance of the Ugandan Branch of Home PLC,a Kenyan Co. as at 31-12-2007

	Dr.Ushs.(Ugandan Shillings)	Cr. Ushs.
Tangible Fixed assets(Cost)	282,000	
Provision of Depreciation		53,400
Debtors	165,000	
Stock at 1/1/2007	140,000	
Creditors		130,600
Goods from Head Office	470,000	
Sales		720,000
Expenses	66,000	
Bank and Cash	90,000	
Head		309,000
Total	1,213,000	1,213,000

Additional information:

- i. Stock at 31/12/2007 Ushs. 50,000
- ii. Fixed assets were acquired as follows:

Cost	Accumulated	
	Depreciation	
Ushs.	Ushs.	Exchange Rate at Acquisition Date
84,000	8,400	Kshs.1 = Ushs.7
<u>198,000</u>	<u>45,000</u>	Kshs. = Ushs.9
<u>282,000</u>	<u>53,000</u>	

iii. Exchange Rates Were as follows:

	Ushs.=Kshs.1
01-01-2007	7
31-12-2007	5
Average for 2007	6

iv. In the head office ledger ,balances as at 31/12/2007 included:

Good to Branch	Kshs. 80,000
Ugandan Branch Account	Kshs. 62,500

Required

Translate the Ugandan Branch Trial balance as at 31-12-2007 into kenya shilling s using the temporal method and prepare the final accounts in Kenyan shillings. (15 Marks)

QUESTION FIVE

- a) Explain any five approaches that multinational corporations take to accommodate their foreign divergent shareholders and indicate the suitability of each. (10 marks)
- b) Discuss three problems experienced by multinational corporations in reporting their financial statement. (5marks)

QUESTION SIX

- a) Explain four reasons why multinational will adopt IFRS/IAS in reporting their financial statements. (8 marks)
- b) Discuss three major accounting problems facing the developing countries and explain what needs to be done to solve them. (7Marks)

